

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA GAS
COMPANY for authority to update its gas
revenue requirement and base rates.

(U 904 G)

Application 02-12-027
(Filed December 20, 2002)

Application of SAN DIEGO GAS & ELECTRIC
COMPANY for authority to update its gas and
electric revenue requirement and base rates.

(U 902-M)

Application 02-12-028
(Filed December 20, 2002)

Investigation on the Commission's Own Motion
into the Rates, Operations, Practices, Service and
Facilities of Southern California Gas Company
and San Diego Gas & Electric Company.

Investigation 03-03-016
(Filed March 13, 2003)

**ADMINISTRATIVE LAW JUDGE'S RULING
GRANTING THE MOTION FOR LEAVE TO LATE-FILE A
PARTIAL SETTLEMENT AGREEMENT IN PHASE 2**

On July 21, 2004, Southern California Gas Company (SoCalGas) and San
Diego Gas & Electric Company (SDG&E) filed a motion to adopt (Motion to
Adopt) a proposed partial settlement¹ jointly with Aglet Consumer Alliance

¹ Motion of Joint Parties Southern California Gas Company, San Diego Gas & Electric
Company, Office of Ratepayer Advocates, The Utility Reform Network, Aglet Consumer
Alliance, Natural Resources Defense Council, and Southern California Generation Coalition for
Adoption of Settlement Agreement Regarding Specified Issues in Phase 2 for Southern
California Gas Company and San Diego Gas & Electric Company.

(Aglet), Natural Resources Defense Council (NRDC), Office of Ratepayer Advocates (ORA), Southern California Generation Coalition (SCGC), and The Utility Reform Network (TURN) that they claim would settle certain issues in Phase 2. The motion was filed late, more than the 30 days after the end of evidentiary hearings as allowed by Rule 51.2. The parties to the proposed settlement also filed a motion² for leave to late-file the motion (Late-File Motion) to adopt the settlement. Finally, they also filed a *Settlement Agreement Regarding Phase 2 Base Margin Issues* (Base Margin Settlement) subject to granting the late-File Motion. We grant the Late-File Motion allowing the parties to file the Base Margin Settlement for the Commission's consideration in these proceedings.

Under Rule 51.4, a party to the proceeding that did not expressly join the Base Margin Settlement has 30 days from July 21, 2004, until August 20, 2004, to file comments contesting all or a part of the settlement. There is, for example, at least one other active party, the City of Chula Vista that filed an Opening Brief in Phase 2 that is not listed as a participant. If any party to this proceeding files a comment contesting the proposed settlement, then the settling parties may file a single joint reply within 15 days, on September 6, 2004.

The Commission may wish to consider a decision in Phase 2 that in part adopts, modifies, rejects, or otherwise relies on the Base Margin Settlement for Application (A.) 02-12-027 and A.02-12-028.

² Motion of Joint Parties Southern California Gas Company (U 904-G), San Diego Gas & Electric Company (U 902-M), Office of Ratepayer Advocates, The Utility Reform Network, Aglet Consumer Alliance, Natural Resources Defense Council, and Southern California Generation Coalition for Leave to File Motion for Adoption of Settlement Agreement More Than 30 Days After Close of Hearings.

IT IS RULED that:

1. Accepted for filing is the July 21, 2004 Motion of Joint Parties Southern California Gas Company, San Diego Gas & Electric Company, Office of Ratepayer Advocates, The Utility Reform Network, Aglet Consumer Alliance, Natural Resources Defense Council, and Southern California Generation Coalition for Adoption of Settlement Agreement Regarding Specified Issues in Phase 2 for Southern California Gas Company and San Diego Gas & Electric Company in Application (A.) 02-12-027 and A.02-12-0288 (Base Margin Settlement).

2. Comments on the Base Margin Settlement are due August 20, 2004, and a single reply by the Joint Parties is due on September 6, 2004.

3. Parties who have electronic mail addresses on file with the Commission will not be served a hard copy of this ruling, consistent with the electronic service protocols adopted for this proceeding; all parties without an electronic mail addresses will be served a hard copy via U.S. mail.

Dated July 28, 2004, at San Francisco, California.

/s/ DOUGLAS M. LONG

Douglas M. Long
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have this day, served electronically the parties who have provided e-mail addresses, and served by U.S. mail the parties who do not have e-mail addresses, a true copy of the original attached Administrative Law Judge's Ruling Granting the Motion for Leave to Late-File a Partial Settlement Agreement in Phase 2 on all parties of record in this proceeding or their attorneys of record.

Dated July 28, 2004, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.